

BEFORE THE IDAHO BOARD OF TAX APPEALS

IN THE MATTER OF THE APPEAL OF MIKE) APPEAL NO. 07-A-2624
ELDREDGE from the decision of the Board of) FINAL DECISION
Equalization of Jerome County for tax year 2007.) AND ORDER

RESIDENTIAL PROPERTY APPEAL

THIS MATTER came on for hearing January 16, 2008, in Jerome, Idaho before Board Member David E. Kinghorn. Board Members Lyle R. Cobbs and Linda S. Pike participated in this decision. Appellant Mike Eldredge appeared at hearing. Assessor Rick Haberman appeared for Respondent Jerome County. This appeal is taken from a decision of the Jerome County Board of Equalization denying the protest of the valuation for taxing purposes of property described as Parcel No. RP09S16E042233A.

The issue on appeal is the market value of an improved residential property.

The decision of the Jerome County Board of Equalization is affirmed.

FINDINGS OF FACT

The assessed land value is \$58,220, and the improvements' valuation is \$9,900, totaling \$68,120. At hearing, Appellant requested the land value be reduced to \$14,840, and the improvements' value remain at \$9,900, totaling \$24,740.

The subject property is a 3.71 acre residential parcel located near Jerome, Idaho. Subject is improved with a mobile home, detached garage, and a utility shed. Only the land value was appealed here.

Appellant challenged the assessment based on subject's detriments. Specifically, high nitrate levels found in subject's well, purportedly caused by subject being surrounded by seven (7) dairy farms and one feedlot. The well was tested roughly four (4) years ago and showed a nitrate level of .03 milligrams per liter. The well was tested again in June 2007 and the water was

found to have 11.6 milligrams per liter. As noted on the test results from Magic Valley Labs, the Environmental Protection Agency (EPA) recommends nitrate levels should not exceed 10 milligrams per liter. A letter from Appellant's physician dated July 24, 1007 warned that prolonged exposure to high levels of nitrates can cause "an increase in starchy deposits and changes in the spleen."

Respondent presented three (3) bare land sales. The sales were between 1.5 and 1.61 acres and sold between \$54,000 and \$100,000. One sale occurred in February 2007 and the remaining properties sold in 2006. The proximity of the sale properties to subject was not discussed, however, Respondent stated the properties were in subject's area.

CONCLUSIONS OF LAW

This Board's goal in its hearings is the acquisition of sufficient, accurate evidence to support a determination of fair market value. This Board, giving full opportunity for all arguments and having considered all testimony and documentary evidence submitted by the parties in support of their respective positions, hereby enters the following.

For the purposes of taxation, Idaho law mandates property be assessed at market value as defined in Idaho Code § 63-201(10):

"Market value" means the amount of United States dollars or equivalent for which, in all probability, a property would exchange hands between a willing sell, under no compulsion to sell, and an informed, capable buyer, with a reasonable time allowed to consummate the sale, substantiated by a reasonable down or full cash payment.

To this end, the Idaho Supreme Court has recognized three approaches for determining market value.

[T]here are three primary methods of determining market value: the cost approach, in which the value as determined by new cost or

market comparison is estimated and reduced by accrued depreciation; the income approach, applicable to "income producing property" in which a capitalization rate is determined from market conditions and applied to net income from the property to determine appraised value; and the market data (comparison method) approach, in which value of the assessed property is ascertained by looking to current open market sales of similar property. *Merris v. Ada County*, 100 Idaho 59, 63, 593 P.2d 394, 398 (1979).

Respondent utilized the market data approach and presented three (3) bare land sales to support subject's assessment. One sale occurred in 2007. Idaho Code § 63-205 requires property be assessed on January 1 of the applicable year, or January 1, 2007 in this case. Respondent's 2007 sale cannot be considered here because it occurred after the applicable assessment date.

The remaining sales took place in 2006 and both involved 1.5 acre lots that sold for \$54,000 and \$100,000. The problem is the location of the sales was not disclosed, nor were any similarities or differences to subject noted. Questions of comparability to subject are apparent.

Appellant argued subject's value should be reduced because of high nitrate levels found in the well. As indicated on the test results submitted by Appellant, the maximum nitrate level recommended by the EPA is 10 milligrams per liter. Subject's well tested at 11.6 milligrams per liter. Respondent made no adjustment for the condition of subject's well.

While we believe error in subject's assessment has been demonstrated, Appellant presented no sales or other value evidence to support the proposed value claim. As such, we are left with no choice but to affirm the decision of the Jerome County Board of Equalization.

FINAL ORDER

In accordance with the foregoing Final Decision, IT IS ORDERED that the decision of the Jerome County Board of Equalization concerning the subject parcel be, and the same hereby

is, affirmed.

MAILED APRIL 30, 2008